

# Senate Study Bill 1199 - Introduced

SENATE FILE \_\_\_\_\_  
BY (PROPOSED COMMITTEE  
ON JUDICIARY BILL BY  
CHAIRPERSON ZAUN)

## A BILL FOR

1 An Act relating to business entities, by providing for  
2 different types of limited liability companies and the  
3 dissolution of limited liability companies, providing for  
4 fees, and including effective date provisions.  
5 BE IT ENACTED BY THE GENERAL ASSEMBLY OF THE STATE OF IOWA:

1  
2  
3  
4  
5  
6  
7  
8  
9  
10  
11  
12  
13  
14  
15  
16  
17  
18  
19  
20  
21  
22  
23  
24  
25  
26  
27  
28  
29  
30  
31  
32  
33  
34  
35

DIVISION I  
UNIFORM PROTECTED SERIES ACT — ENACTMENT  
ARTICLE 12  
PART 1  
UNIFORM PROTECTED SERIES ACT  
SUBPART A  
GENERAL PROVISIONS

Section 1. NEW SECTION. 489.12101 Short title.

This part may be cited as the *"Uniform Protected Series Act"*.

Sec. 2. NEW SECTION. 489.12102 Definitions.

As used in this part, unless the context otherwise requires:

1. *"Asset"* means any of the following:

a. Property in which a series limited liability company or protected series has rights.

b. Property as to which the company or protected series has the power to transfer rights.

2. *"Associated asset"* means an asset that meets the requirements of section 489.12301.

3. *"Associated member"* means a member that meets the requirements of section 489.12302.

4. *"Foreign protected series"* means an arrangement, configuration, or other structure established by a foreign limited liability company which has attributes comparable to a protected series established under this part. The term applies whether or not the law under which the foreign company is organized refers to "protected series".

5. *"Foreign series limited liability company"* means a foreign limited liability company that has at least one foreign protected series.

6. *"Nonassociated asset"* means any of the following:

a. An asset of a series limited liability company which is not an associated asset of the company.

b. An asset of a protected series of the company which is not an associated asset of the protected series.

7. *"Person"* means the same as defined in section 4.1 and

1 includes a protected series.

2 8. "*Protected series*", except in the phrase "*foreign*  
3 *protected series*", means a protected series established under  
4 section 489.12201.

5 9. "*Protected-series manager*" means a person under whose  
6 authority the powers of a protected series are exercised  
7 and under whose direction the activities and affairs of the  
8 protected series are managed under the operating agreement,  
9 this part, and this chapter.

10 10. "*Protected-series transferable interest*" means a right to  
11 receive a distribution from a protected series.

12 11. "*Protected-series transferee*" means a person to which  
13 all or part of a protected-series transferable interest of a  
14 protected series of a series limited liability company has  
15 been transferred, other than the company. The term includes a  
16 person that owns a protected-series transferable interest as  
17 a result of ceasing to be an associated member of a protected  
18 series.

19 12. "*Series limited liability company*", except in the phrase  
20 "*foreign series limited liability company*", means a limited  
21 liability company that has at least one protected series.

22 Sec. 3. NEW SECTION. 489.12103 **Nature of protected series.**

23 A protected series of a series limited liability company is a  
24 person distinct from all of the following:

25 1. The company, subject to section 489.12104, subsection  
26 3, section 489.12501, subsection 1, and section 489.12502,  
27 subsection 4.

28 2. Another protected series of the company.

29 3. A member of the company, whether or not the member is an  
30 associated member of the protected series.

31 4. A protected-series transferee of a protected series of  
32 the company.

33 5. A transferee of a transferable interest of the company.

34 Sec. 4. NEW SECTION. 489.12104 **Powers and duration of**  
35 **protected series.**

1     1. A protected series of a series limited liability company  
2 has the capacity to sue and be sued in its own name.

3     2. Except as otherwise provided in subsections 3 and 4, a  
4 protected series of a series limited liability company has the  
5 same powers and purposes as the company.

6     3. A protected series of a series limited liability company  
7 ceases to exist not later than when the company completes its  
8 winding up.

9     4. A protected series of a series limited liability company  
10 shall not do any of the following:

11     a. Be a member of the company.

12     b. Establish a protected series.

13     c. Except as permitted by law of this state other than this  
14 part, have a purpose or power that the law of this state other  
15 than this part prohibits a limited liability company from doing  
16 or having.

17     Sec. 5. NEW SECTION.   **489.12105**   **Governing law.**

18     The law of this state governs all of the following:

19     1. The internal affairs of a protected series of a series  
20 limited liability company, including all of the following:

21     a. Relations among any associated members of the protected  
22 series.

23     b. Relations among the protected series and any of the  
24 following:

25         (1) Any associated member.

26         (2) The protected-series manager.

27         (3) Any protected-series transferee.

28     c. Relations between any associated member and any of the  
29 following:

30         (1) The protected-series manager.

31         (2) Any protected-series transferee.

32     d. The rights and duties of a protected-series manager.

33     e. Governance decisions affecting the activities and affairs  
34 of the protected series and the conduct of those activities and  
35 affairs.

1     *f.* Procedures and conditions for becoming an associated  
2 member or protected-series transferee.

3     2. The relations between a protected series of a series  
4 limited liability company and each of the following:

5     *a.* The company.

6     *b.* Another protected series of the company.

7     *c.* A member of the company which is not an associated member  
8 of the protected series.

9     *d.* A protected-series manager that is not a protected-series  
10 manager of the protected series.

11    *e.* A protected-series transferee that is not a  
12 protected-series transferee of the protected series.

13    3. The liability of a person for a debt, obligation, or  
14 other liability of a protected series of a series limited  
15 liability company if the debt, obligation, or liability is  
16 asserted solely by reason of the person being or acting as any  
17 of the following:

18    *a.* An associated member, protected-series transferee, or  
19 protected-series manager of the protected series.

20    *b.* A member of the company which is not an associated member  
21 of the protected series.

22    *c.* A protected-series manager that is not a protected-series  
23 manager of the protected series.

24    *d.* A protected-series transferee that is not a  
25 protected-series transferee of the protected series.

26    *e.* A manager of the company.

27    *f.* A transferee of a transferable interest of the company.

28    4. The liability of a series limited liability company for  
29 a debt, obligation, or other liability of a protected series of  
30 the company if the debt, obligation, or liability is asserted  
31 solely by reason of the company doing any of the following:

32    *a.* Having delivered to the secretary of state for filing  
33 under section 489.12201, subsection 2, a protected series  
34 designation pertaining to the protected series or under section  
35 489.12201, subsection 4, or section 489.12202, subsection 3,

1 a statement of designation change pertaining to the protected  
2 series.

3     *b.* Being or acting as a protected-series manager of the  
4 protected series.

5     *c.* Having the protected series be or act as a manager of the  
6 company.

7     *d.* Owning a protected-series transferable interest of the  
8 protected series.

9     5. The liability of a protected series of a series limited  
10 liability company for a debt, obligation, or other liability of  
11 the company or of another protected series of the company if  
12 the debt, obligation, or liability is asserted solely by reason  
13 of any of the following:

14     *a.* The protected series is any of the following:

15         (1) A protected series of the company or having as a  
16 protected-series manager the company or another protected  
17 series of the company.

18         (2) Acting as a protected-series manager of another  
19 protected series of the company or a manager of the company.

20     *b.* The company owning a protected-series transferable  
21 interest of the protected series.

22     Sec. 6. NEW SECTION. 489.12106 **Relation of operating**  
23 **agreement, this part, and this chapter.**

24     1. Except as otherwise provided in this section and subject  
25 to sections 489.12107 and 489.12108, the operating agreement  
26 of a series limited liability company governs all of the  
27 following:

28     *a.* The internal affairs of a protected series, including all  
29 of the following:

30         (1) Relations among any associated members of the protected  
31 series.

32         (2) Relations among the protected series and any of the  
33 following:

34             (a) Any associated member.

35             (b) The protected-series manager.

- 1       (c) Any protected-series transferee.
- 2       (3) Relations between any associated member and any of the  
3 following:
- 4       (a) The protected-series manager.
- 5       (b) Any protected-series transferee.
- 6       (4) The rights and duties of a protected-series manager.
- 7       (5) Governance decisions affecting the activities and  
8 affairs of the protected series and the conduct of those  
9 activities and affairs.
- 10      (6) Procedures and conditions for becoming an associated  
11 member or protected-series transferee.
- 12      *b.* Relations among the protected series, the company, and  
13 any other protected series of the company.
- 14      *c.* Relations between all of the following:
- 15      (1) The protected series, its protected-series manager,  
16 any associated member of the protected series, or any  
17 protected-series transferee of the protected series.
- 18      (2) A person in the person's capacity as any of the  
19 following:
- 20      (a) A member of the company which is not an associated  
21 member of the protected series.
- 22      (b) A protected-series transferee or protected-series  
23 manager of another protected series.
- 24      (c) A transferee of the company.
- 25      2. If this chapter otherwise restricts the power of an  
26 operating agreement to affect a matter, the restriction  
27 applies to a matter under this part in accordance with section  
28 489.12108.
- 29      3. If law of this state other than this part imposes a  
30 prohibition, limitation, requirement, condition, obligation,  
31 liability, or other restriction on a limited liability  
32 company, a member, manager, or other agent of the company, or a  
33 transferee of the company, except as otherwise provided in law  
34 of this state other than this part, the restriction applies in  
35 accordance with section 489.12108.

1     4. Except as otherwise provided in section 489.12107, if  
2 the operating agreement of a series limited liability company  
3 does not provide for a matter described in subsection 1 in a  
4 manner permitted by this article, the matter is determined in  
5 accordance with the following rules:

6     *a.* To the extent this part addresses the matter, this part  
7 governs.

8     *b.* To the extent this part does not address the matter, the  
9 other articles of this chapter governs the matter in accordance  
10 with section 489.12108.

11     Sec. 7. NEW SECTION.   **489.12107 Additional limitations on**  
12 **operating agreement.**

13     1. An operating agreement shall not vary the effect of any  
14 of the following:

15     *a.* This section.

16     *b.* Section 489.12103.

17     *c.* Section 489.12104, subsection 1.

18     *d.* Section 489.12104, subsection 2, to provide a protected  
19 series a power beyond the powers this chapter provides a  
20 limited liability company.

21     *e.* Section 489.12104, subsection 3 or 4.

22     *f.* Section 489.12105.

23     *g.* Section 489.12106.

24     *h.* Section 489.12108.

25     *i.* Section 489.12201, except to vary the manner in which  
26 a limited liability company approves establishing a protected  
27 series.

28     *j.* Section 489.12202.

29     *k.* Section 489.12301.

30     *l.* Section 489.12302.

31     *m.* Section 489.12303, subsection 1 or 2.

32     *n.* Section 489.12304, subsection 3 or 6.

33     *o.* Section 489.12401, except to decrease or eliminate a  
34 limitation of liability stated in section 489.12401.

35     *p.* Section 489.12402.



- 1     *q.* Section 489.12403.  
2     *r.* Section 489.12404.  
3     *s.* Section 489.12501, subsections 1, 4, and 5.  
4     *t.* Section 489.12502, except to designate a different person  
5 to manage winding up.  
6     *u.* Section 489.12503.  
7     *v.* Article 6.  
8     *w.* Article 7.  
9     *x.* Article 8, except to vary any of the following:  
10     (1) The manner in which a series limited liability company  
11 may elect under section 489.12803, subsection 1, paragraph "b",  
12 to be subject to this part.  
13     (2) The person that has the right to sign and deliver to the  
14 secretary of state for filing a record under section 489.12803,  
15 subsection 2, paragraph "b".  
16     *y.* A provision of this part pertaining to any of the  
17 following:  
18     (1) Registered agents.  
19     (2) The secretary of state, including provisions pertaining  
20 to records authorized or required to be delivered to the  
21 secretary of state for filing under this part.  
22     2. An operating agreement shall not unreasonably restrict  
23 the duties and rights under section 489.12305 but may impose  
24 reasonable restrictions on the availability and use of  
25 information obtained under section 489.12305 and may provide  
26 appropriate remedies, including liquidated damages, for a  
27 breach of any reasonable restriction on use.  
28     Sec. 8. NEW SECTION. 489.12108 Rules for applying to  
29 specified provisions of this chapter to specified provisions of  
30 this part.  
31     1. Except as otherwise provided in subsection 2 and section  
32 489.12107, the following rules apply in applying section  
33 489.12106, section 489.12304, subsections 3 and 6, section  
34 489.12501, subsection 4, paragraph "a", section 489.12502,  
35 subsection 1, and section 489.12503, subsection 2:

1     *a.* A protected series of a series limited liability company  
2 is deemed to be a limited liability company that is formed  
3 separately from the series limited liability company and is  
4 distinct from the series limited liability company and any  
5 other protected series of the series limited liability company.

6     *b.* An associated member of the protected series is deemed to  
7 be a member of the company deemed to exist under paragraph "a".

8     *c.* A protected-series transferee of the protected series is  
9 deemed to be a transferee of the company deemed to exist under  
10 paragraph "a".

11    *d.* A protected-series transferable interest of the protected  
12 series is deemed to be a transferable interest of the company  
13 deemed to exist under paragraph "a".

14    *e.* A protected-series manager is deemed to be a manager of  
15 the company deemed to exist under paragraph "a".

16    *f.* An asset of the protected series is deemed to be an asset  
17 of the company deemed to exist under paragraph "a", whether or  
18 not the asset is an associated asset of the protected series.

19    *g.* Any creditor or other obligee of the protected series  
20 is deemed to be a creditor or obligee of the company deemed to  
21 exist under paragraph "a".

22    2. Subsection 1 does not apply if its application would do  
23 any of the following:

24     *a.* Contravene section 489.110.

25     *b.* Authorize or require the secretary of state to do any of  
26 the following:

27       (1) Accept for filing a type of record that neither this  
28 part nor any of the other articles of this chapter authorizes  
29 or requires a person to deliver to the secretary of state for  
30 filing.

31       (2) Make or deliver a record that neither this part nor  
32 the other articles of this chapter authorizes or requires the  
33 secretary of state to make or deliver.

34

#### SUBPART B

35

#### ESTABLISHING PROTECTED SERIES

1     Sec. 9. NEW SECTION.   **489.12201   Protected series designation**  
2 **— amendment.**

3     1. With the affirmative vote or consent of all members  
4 of a limited liability company, the company may establish a  
5 protected series.

6     2. To establish a protected series, a limited liability  
7 company shall deliver to the secretary of state for filing a  
8 protected series designation, signed by the company, stating  
9 the name of the company and the name of the protected series to  
10 be established.

11    3. A protected series is established when the protected  
12 series designation takes effect under section 489.205.

13    4. To amend a protected series designation, a series limited  
14 liability company shall deliver to the secretary of state  
15 for filing a statement of designation change, signed by the  
16 company, that changes the name of the company, the name of the  
17 protected series to which the designation applies, or both.  
18 The change takes effect when the statement of designation  
19 change takes effect under section 489.205.

20    Sec. 10. NEW SECTION.   **489.12202   Name.**

21    1. Except as otherwise provided in subsection 2, the name of  
22 a protected series must comply with section 489.108.

23    2. The name of a protected series of a series limited  
24 liability company must do all of the following:

25      a. Begin with the name of the company, including any word or  
26 abbreviation required by section 489.108.

27      b. Contain the phrase "*Protected Series*" or "*protected*  
28 *series*" or the abbreviation "P.S." or "PS".

29    3. If a series limited liability company changes its name,  
30 the company shall deliver to the secretary of state for filing  
31 a statement of designation change for each of the company's  
32 protected series, changing the name of each protected series to  
33 comply with this section.

34    Sec. 11. NEW SECTION.   **489.12203   Registered agent.**

35    1. The registered agent in this state for a series limited

1 liability company is the registered agent in this state for  
2 each protected series of the company.

3 2. Before delivering a protected series designation to the  
4 secretary of state for filing, a limited liability company  
5 shall agree with a registered agent that the agent will serve  
6 as the registered agent in this state for both the company and  
7 the protected series.

8 3. A person that signs a protected series designation  
9 delivered to the secretary of state for filing affirms as a  
10 fact that the limited liability company on whose behalf the  
11 designation is delivered has complied with subsection 2.

12 4. A person that ceases to be the registered agent for a  
13 series limited liability company ceases to be the registered  
14 agent for each protected series of the company.

15 5. A person that ceases to be the registered agent for a  
16 protected series of a series limited liability company, other  
17 than as a result of the termination of the protected series,  
18 ceases to be the registered agent of the company and any other  
19 protected series of the company.

20 6. Except as otherwise agreed by a series limited liability  
21 company and its registered agent, the agent is not obligated to  
22 distinguish between a process, notice, demand, or other record  
23 concerning the company and a process, notice, demand, or other  
24 record concerning a protected series of the company.

25 Sec. 12. NEW SECTION. 489.12204 Service of process, notice,  
26 demand, or other record.

27 1. A protected series of a series limited liability company  
28 may be served with a process, notice, demand, or other record  
29 required or permitted by law by any of the following:

30 a. Serving the company.

31 b. Serving the registered agent of the protected series.

32 c. Other means authorized by law of this state other than  
33 the other articles of this chapter.

34 2. Service of a summons and complaint on a series limited  
35 liability company is notice to each protected series of

1 the company of service of the summons and complaint and the  
2 contents of the complaint.

3 3. Service of a summons and complaint on a protected series  
4 of a series limited liability company is notice to the company  
5 and any other protected series of the company of service of the  
6 summons and complaint and the contents of the complaint.

7 4. Service of a summons and complaint on a foreign series  
8 limited liability company is notice to each foreign protected  
9 series of the foreign company of service of the summons and  
10 complaint and the contents of the complaint.

11 5. Service of a summons and complaint on a foreign protected  
12 series of a foreign series limited liability company is notice  
13 to the foreign company and any other foreign protected series  
14 of the company of service of the summons and complaint and the  
15 contents of the complaint.

16 6. Notice to a person under subsection 2, 3, 4, or 5 is  
17 effective whether or not the summons and complaint identify  
18 the person if the summons and complaint name as a party and  
19 identify any of the following:

20 a. The series limited liability company or a protected  
21 series of the company.

22 b. The foreign series limited liability company or a foreign  
23 protected series of the foreign company.

24 Sec. 13. NEW SECTION. 489.12205 Certificate of existence  
25 for protected series.

26 1. On request of any person, the secretary of state shall  
27 issue a certificate of existence for a protected series of a  
28 series limited liability company or a certificate of authority  
29 for a foreign protected series in the following circumstances:

30 a. In the case of a protected series, if all of the  
31 following apply:

32 (1) No statement of dissolution, termination, or relocation  
33 pertaining to the protected series has been filed.

34 (2) The company has delivered to the secretary of state  
35 for filing the most recent biennial report required by section

1 489.209 and the report includes the name of the protected  
2 series, unless any of the following applies:

3 (a) When the company delivered the report for filing, the  
4 protected series designation pertaining to the protected series  
5 had not yet taken effect.

6 (b) After the company delivered the report for filing,  
7 the company delivered to the secretary of state for filing  
8 a statement of designation change changing the name of the  
9 protected series.

10 b. In the case of a foreign protected series, it is  
11 authorized to do business in this state.

12 2. A certificate issued under subsection 1 must state all  
13 of the following:

14 a. In the case of a protected series, all of the following:

15 (1) The name of the protected series of the series limited  
16 liability company and the name of the company.

17 (2) That the requirements of subsection 1 are met.

18 (3) The date the protected series designation pertaining to  
19 the protected series took effect.

20 (4) If a statement of designation change pertaining to  
21 the protected series has been filed, the effective date and  
22 contents of the statement.

23 b. In the case of a foreign protected series, that it is  
24 authorized to do business in this state.

25 c. That all fees, taxes, interest, and penalties due under  
26 this chapter or other law to the secretary of state have been  
27 paid if all of the following apply:

28 (1) Payment is reflected in the records of the secretary of  
29 state.

30 (2) Nonpayment affects the existence or good standing of the  
31 protected series.

32 d. Other facts reflected in the records of the secretary of  
33 state pertaining to the protected series or foreign protected  
34 series which the person requesting the certificate reasonably  
35 requests.

1       3. Subject to any qualification stated by the secretary  
2 of state in a certificate issued under subsection 1, the  
3 certificate may be relied on as conclusive evidence of the  
4 facts stated in the certificate.

5       Sec. 14. NEW SECTION. 489.12206 Information required in  
6 biennial report — effect of failure to provide.

7 1. In the biennial report required by section 489.209, a  
8 series limited liability company shall include the name of each  
9 protected series of the company for which all of the following  
10 applies:

11     a. For which the company has previously delivered to the  
12 secretary of state for filing a protected series designation.

13      *b.* Which has not dissolved and completed winding up.

14        2. A failure by a series limited liability company to comply  
15 with subsection 1 with regard to a protected series prevents  
16 issuance of a certificate of good standing pertaining to the  
17 protected series but does not otherwise affect the protected  
18 series.

19 SUBPART C

20 ASSOCIATED ASSET, ASSOCIATED MEMBER, PROTECTED-SERIES  
21 TRANSFERABLE INTEREST, MANAGEMENT, AND RIGHT OF INFORMATION

22        Sec. 15.    NEW SECTION.    489.12301    Associated asset.

23 1. Only an asset of a protected series may be an associated  
24 asset of the protected series. Only an asset of a series  
25 limited liability company may be an associated asset of the  
26 company.

27       2. An asset of a protected series of a series limited  
28 liability company is an associated asset of the protected  
29 series only if the protected series creates and maintains  
30 records that state the name of the protected series and  
31 describe the asset with sufficient specificity to permit  
32 a disinterested, reasonable individual to do all of the  
33 following:

34     a. Identify the asset and distinguish it from any other  
35 asset of the protected series, any asset of the company, and

1 any asset of any other protected series of the company.

2     *b.* Determine when and from what person the protected series  
3 acquired the asset or how the asset otherwise became an asset  
4 of the protected series.

5     *c.* If the protected series acquired the asset from the  
6 company or another protected series of the company, determine  
7 any consideration paid, the payor, and the payee.

8     3. An asset of a series limited liability company is an  
9 associated asset of the company only if the company creates  
10 and maintains records that state the name of the company and  
11 describe the asset with sufficient specificity to permit  
12 a disinterested, reasonable individual to do all of the  
13 following:

14     *a.* Identify the asset and distinguish it from any other  
15 asset of the company and any asset of any protected series of  
16 the company.

17     *b.* Determine when and from what person the company acquired  
18 the asset or how the asset otherwise became an asset of the  
19 company.

20     *c.* If the company acquired the asset from a protected series  
21 of the company, determine any consideration paid, the payor,  
22 and the payee.

23     4. The records and recordkeeping required by subsections  
24 2 and 3 may be organized by specific listing, category,  
25 type, quantity, or computational or allocational formula or  
26 procedure, including a percentage or share of any asset, or in  
27 any other reasonable manner.

28     5. To the extent permitted by this section and law of this  
29 state other than this part, a series limited liability company  
30 or protected series of the company may hold an associated asset  
31 directly or indirectly, through a representative, nominee, or  
32 similar arrangement, except that all of the following applies:

33     *a.* A protected series shall not hold an associated asset  
34 in the name of the company or another protected series of the  
35 company.



1     *b.* The company shall not hold an associated asset in the  
2 name of a protected series of the company.

3     Sec. 16. NEW SECTION.   **489.12302 Associated member.**

4     1. Only a member of a series limited liability company may  
5 be an associated member of a protected series of the company.

6     2. A member of a series limited liability company becomes an  
7 associated member of a protected series of the company if the  
8 operating agreement or a procedure established by the agreement  
9 states all of the following:

10    *a.* That the member is an associated member of the protected  
11 series.

12    *b.* The date on which the member became an associated member.

13    *c.* Any protected-series transferable interest the associated  
14 member has in connection with becoming or being an associated  
15 member.

16    3. If a person that is an associated member of a protected  
17 series of a series limited liability company is dissociated  
18 from the company, the person ceases to be an associated member  
19 of the protected series.

20    Sec. 17. NEW SECTION.   **489.12303 Protected-series**  
21 **transferable interest.**

22    1. A protected-series transferable interest of a protected  
23 series of a series limited liability company must be owned  
24 initially by an associated member of the protected series or  
25 the company.

26    2. If a protected series of a series limited liability  
27 company has no associated members when established, the  
28 company owns the protected-series transferable interests in the  
29 protected series.

30    3. In addition to acquiring a protected series transferable  
31 series interest under subsection 2, a series limited liability  
32 company may acquire a protected-series transferable interest  
33 through a transfer from another person or as provided in the  
34 operating agreement.

35    4. Except for section 489.12108, subsection 1,

1 paragraph "c", a provision of this part which applies to  
2 a protected-series transferee of a protected series of a  
3 series limited liability company applies to the company in  
4 its capacity as an owner of a protected-series transferable  
5 interest of the protected series. A provision of the operating  
6 agreement of a series limited liability company which applies  
7 to a protected-series transferee of a protected series of the  
8 company applies to the company in its capacity as an owner of a  
9 protected-series transferable interest of the protected series.

10 Sec. 18. NEW SECTION. **489.12304 Management.**

11 1. A protected series may have more than one  
12 protected-series manager.

13 2. If a protected series has no associated members, the  
14 series limited liability company is the protected-series  
15 manager.

16 3. Section 489.12108 applies to determine any duties of  
17 a protected-series manager of a protected series of a series  
18 limited liability company to all of the following:

19 a. The protected series.

20 b. Any associated member of the protected series.

21 c. Any protected-series transferee of the protected series.

22 4. Solely by reason of being or acting as a protected-series  
23 manager of a protected series of a series limited liability  
24 company, a person owes no duty to any of the following:

25 a. The company.

26 b. Another protected series of the company.

27 c. Another person in that person's capacity as any of the  
28 following:

29 (1) A member of the company which is not an associated  
30 member of the protected series.

31 (2) A protected-series transferee or protected-series  
32 manager of another protected series.

33 (3) A transferee of the company.

34 5. An associated member of a protected series of a series  
35 limited liability company has the same rights as any other

1 member of the company to vote on or consent to an amendment to  
2 the company's operating agreement or any other matter being  
3 decided by the members, whether or not the amendment or matter  
4 affects the interests of the protected series or the associated  
5 member.

6 6. Article 9 applies to a protected series in accordance  
7 with section 489.12108.

8 Sec. 19. NEW SECTION. 489.12305 Right of person not  
9 associated member of protected series to information concerning  
10 protected series.

11 1. A member of a series limited liability company which  
12 is not an associated member of a protected series of the  
13 company has a right to information concerning the protected  
14 series to the same extent, in the same manner, and under  
15 the same conditions that a member that is not a manager of  
16 a manager-managed limited liability company has a right to  
17 information concerning the company under section 489.410,  
18 subsection 2.

19 2. A person formerly an associated member of a protected  
20 series has a right to information concerning the protected  
21 series to the same extent, in the same manner, and under  
22 the same conditions that a person dissociated as a member of  
23 a manager-managed limited liability company has a right to  
24 information concerning the company under section 489.410,  
25 subsection 3.

26 3. If an associated member of a protected series dies, the  
27 legal representative of the deceased associated member has a  
28 right to information concerning the protected series to the  
29 same extent, in the same manner, and under the same conditions  
30 that the legal representative of a deceased member of a limited  
31 liability company has a right to information concerning the  
32 company under section 489.504.

33 4. A protected-series manager of a protected series has a  
34 right to information concerning the protected series to the  
35 same extent, in the same manner, and under the same conditions

1 that a manager of a manager-managed limited liability company  
2 has a right to information concerning the company under section  
3 489.410, subsection 2.

4 SUBPART D

5 LIMITATION ON LIABILITY AND ENFORCEMENT OF CLAIMS

6 Sec. 20. NEW SECTION. **489.12401 Limitations on liability.**

7 1. A person is not liable, directly or indirectly, by way  
8 of contribution or otherwise, for a debt, obligation, or other  
9 liability of any of the following:

10 a. A protected series of a series limited liability company  
11 solely by reason of being or acting as any of the following:

12 (1) An associated member, protected-series manager, or  
13 protected-series transferee of the protected series.

14 (2) A member, manager, or a transferee of the company.

15 b. A series limited liability company solely by reason  
16 of being or acting as an associated member, protected-series  
17 manager, or protected-series transferee of a protected series  
18 of the company.

19 2. Subject to section 489.12404, all of the following rules  
20 apply:

21 a. A debt, obligation, or other liability of a series  
22 limited liability company is solely the debt, obligation, or  
23 liability of the company.

24 b. A debt, obligation, or other liability of a protected  
25 series is solely the debt, obligation, or liability of the  
26 protected series.

27 c. A series limited liability company is not liable,  
28 directly or indirectly, by way of contribution or otherwise,  
29 for a debt, obligation, or other liability of a protected  
30 series of the company solely by reason of the protected series  
31 being a protected series of the company or the company for any  
32 of the following:

33 (1) Being or acting as a protected-series manager of the  
34 protected series.

35 (2) Having the protected series manage the company.

1 (3) Owning a protected-series transferable interest of the  
2 protected series.

3 d. A protected series of a series limited liability company  
4 is not liable, directly or indirectly, by way of contribution  
5 or otherwise, for a debt, obligation, or other liability of the  
6 company or another protected series of the company solely by  
7 reason of any of the following:

8 (1) Being a protected series of the company.

9 (2) Being or acting as a manager of the company or a  
10 protected-series manager of another protected series of the  
11 company.

12 (3) Having the company or another protected series of  
13 the company be or act as a protected-series manager of the  
14 protected series.

15 Sec. 21. NEW SECTION. 489.12402 Claim seeking to disregard  
16 limitation of liability.

17 1. Except as otherwise provided in subsection 2, a claim  
18 seeking to disregard a limitation in section 489.12401 is  
19 governed by the principles of law and equity, including a  
20 principle providing a right to a creditor or holding a person  
21 liable for a debt, obligation, or other liability of another  
22 person, which would apply if each protected series of a series  
23 limited liability company were a limited liability company  
24 formed separately from the series limited liability company  
25 and distinct from the series limited liability company and any  
26 other protected series of the series limited liability company.

27 2. The failure of a limited liability company or a protected  
28 series to observe formalities relating to the exercise of  
29 its powers or management of its activities and affairs is  
30 not a ground to disregard a limitation in section 489.12401,  
31 subsection 1, but may be a ground to disregard a limitation in  
32 section 489.12401, subsection 2.

33 3. This section applies to a claim seeking to disregard a  
34 limitation of liability applicable to a foreign series limited  
35 liability company or foreign protected series and comparable

1 to a limitation stated in section 489.12401, if any of the  
2 following apply:

3     *a.* The claimant is a resident of this state or doing  
4 business or authorized to do business in this state.

5     *b.* The claim is to establish or enforce a liability arising  
6 under law of this state other than this part or from an act or  
7 omission in this state.

8     Sec. 22. NEW SECTION.   **489.12403 Remedies of judgment**  
9 **creditor of associated member or protected-series transferee.**

10     Section 489.503 applies to a judgment creditor of any of the  
11 following:

12     1. An associated member or protected-series transferee of a  
13 protected series.

14     2. A series limited liability company, to the extent the  
15 company owns a protected-series transferable interest of a  
16 protected series.

17     Sec. 23. NEW SECTION.   **489.12404 Enforcement against**  
18 **nonassociated asset.**

19     1. As used in this section:

20     *a.* "*Enforcement date*" means 12:01 a.m. on the date on which  
21 a claimant first serves process on a series limited liability  
22 company or protected series in an action seeking to enforce  
23 under this section a claim against an asset of the company or  
24 protected series by attachment, levy, or the like.

25     *b.* Subject to section 489.12608, subsection 2, "*incurrence*  
26 *date*" means the date on which a series limited liability company  
27 or protected series incurred the liability giving rise to a  
28 claim that a claimant seeks to enforce under this section.

29     2. If a claim against a series limited liability company or  
30 a protected series of the company has been reduced to judgment,  
31 in addition to any other remedy provided by law or equity,  
32 the judgment may be enforced in accordance with the following  
33 rules:

34     *a.* A judgment against the company may be enforced against  
35 an asset of a protected series of the company if any of the

1 following applies:

2 (1) The asset was a nonassociated asset of the protected  
3 series on the incurrence date.

4 (2) The asset is a nonassociated asset of the protected  
5 series on the enforcement date.

6 *b.* A judgment against a protected series may be enforced  
7 against an asset of the company if any of the following apply:

8 (1) The asset was a nonassociated asset of the company on  
9 the incurrence date.

10 (2) The asset is a nonassociated asset of the company on the  
11 enforcement date.

12 *c.* A judgment against a protected series may be enforced  
13 against an asset of another protected series of the company if  
14 any of the following applies:

15 (1) The asset was a nonassociated asset of the other  
16 protected series on the incurrence date.

17 (2) The asset is a nonassociated asset of the other  
18 protected series on the enforcement date.

19 3. In addition to any other remedy provided by law or  
20 equity, if a claim against a series limited liability company  
21 or a protected series has not been reduced to a judgment  
22 and law other than this part permits a prejudgment remedy by  
23 attachment, levy, or the like, the court may apply subsection 2  
24 as a prejudgment remedy.

25 4. In a proceeding under this section, the party asserting  
26 that an asset is or was an associated asset of a series limited  
27 liability company or a protected series of the company has the  
28 burden of proof on the issue.

29 5. This section applies to an asset of a foreign series  
30 limited liability company or foreign protected series if all of  
31 the following applies:

32 *a.* The asset is real or tangible property located in this  
33 state.

34 *b.* The claimant is a resident of this state or doing  
35 business or authorized to do business in this state, or the

1 claim under section 489.12404 is to enforce a judgment, or to  
2 seek a prejudgment remedy, pertaining to a liability arising  
3 from law of this state other than this part or an act or  
4 omission in this state.

5 c. The asset is not identified in the records of the foreign  
6 series limited liability company or foreign protected series  
7 in a manner comparable to the manner required by section  
8 489.12301.

9

SUBPART E

10 DISSOLUTION AND WINDING UP OF PROTECTED SERIES

11 Sec. 24. NEW SECTION. 489.12501 Events causing dissolution  
12 of protected series.

13 A protected series of a series limited liability company is  
14 dissolved, and its activities and affairs must be wound up,  
15 only on any of the following:

16 1. Dissolution of the company.

17 2. Occurrence of an event or circumstance the operating  
18 agreement states causes dissolution of the protected series.

19 3. Affirmative vote or consent of all members.

20 4. Entry by the court of an order dissolving the  
21 protected series on application by an associated member or  
22 protected-series manager of the protected series subject to all  
23 of the following:

24 a. In accordance with section 489.12108.

25 b. To the same extent, in the same manner, and on the same  
26 grounds the court would enter an order dissolving a limited  
27 liability company on application by a member or manager of the  
28 company.

29 5. Entry by the court of an order dissolving the protected  
30 series on application by the company or a member of the company  
31 on the ground that the conduct of all or substantially all the  
32 activities and affairs of the protected series is illegal.

33 Sec. 25. NEW SECTION. 489.12502 Winding up dissolved  
34 protected series.

35 1. Subject to subsections 2 and 3 and in accordance with



1 section 489.12108 all of the following apply:

2     a. A dissolved protected series shall wind up its activities  
3 and affairs in the same manner that a limited liability company  
4 winds up its activities and affairs under sections 489.702  
5 through 489.704 subject to the same requirements and conditions  
6 and with the same effects.

7     b. Judicial supervision or another judicial remedy is  
8 available in the winding up of the protected series to the same  
9 extent, in the same manner, under the same conditions, and with  
10 the same effects that apply under section 489.702, subsection  
11 5.

12     2. When a protected series of a series limited liability  
13 company dissolves, the company may deliver to the secretary of  
14 state for filing a statement of protected series dissolution  
15 stating the name of the company and the protected series  
16 and that the protected series is dissolved. The filing of  
17 the statement by the secretary of state has the same effect  
18 as the filing by the secretary of state of a statement of  
19 dissolution under section 489.103, subsection 4, paragraph "b",  
20 subparagraph (1).

21     3. When a protected series of a series limited liability  
22 company has completed winding up, the company may deliver to  
23 the secretary of state for filing a statement of designation  
24 cancellation stating the name of the company and the protected  
25 series and that the protected series is terminated. The filing  
26 of the statement by the secretary of state has the same effect  
27 as the filing by the secretary of state of a statement of  
28 termination under section 489.103, subsection 4, paragraph "b",  
29 subparagraph (2).

30     4. A series limited liability company has not completed its  
31 winding up until each of the protected series of the company  
32 has completed its winding up.

33     Sec. 26. NEW SECTION. 489.12503 Effect of reinstatement  
34 of series limited liability company or revocation of voluntary  
35 dissolution.

1 If a series limited liability company that has been  
2 administratively dissolved is reinstated, or a series limited  
3 liability company that voluntarily dissolved rescinds its  
4 dissolution both of the following apply:

5 1. Each protected series of the company ceases winding up.

6 2. The provisions of section 489.706 apply to each protected  
7 series of the company in accordance with section 489.12108.

8 SUBPART F

9 ENTITY TRANSACTIONS RESTRICTED

10 Sec. 27. NEW SECTION. 489.12601 Definitions.

11 As used in this subpart:

12 1. *"After a merger"* or *"after the merger"* means when a merger  
13 under section 489.12604 becomes effective and afterwards.

14 2. *"Before a merger"* or *"before the merger"* means before a  
15 merger under section 489.12604 becomes effective.

16 3. *"Continuing protected series"* means a protected series of  
17 a surviving company which continues in uninterrupted existence  
18 after a merger under section 489.12604.

19 4. *"Merging company"* means a limited liability company that  
20 is party to a merger under section 489.12604.

21 5. *"Nonsurviving company"* means a merging company that  
22 does not continue in existence after a merger under section  
23 489.12604.

24 6. *"Relocated protected series"* means a protected series  
25 of a nonsurviving company which, after a merger under section  
26 489.12604, continues in uninterrupted existence as a protected  
27 series of the surviving company.

28 7. *"Surviving company"* means a merging company that  
29 continues in existence after a merger under section 489.12604.

30 Sec. 28. NEW SECTION. 489.12602 Protected series shall not  
31 be party to entity transaction.

32 A protected series shall not do any of the following:

33 1. Be an acquiring, acquired, converting, converted,  
34 merging, or surviving entity.

35 2. Participate in a domestication.

1     3. Be a party to or be formed, organized, established, or  
2 created in a transaction substantially like a merger, interest  
3 exchange, conversion, or domestication.

4     Sec. 29. NEW SECTION. **489.12603 Restriction on entity**  
5 **transaction involving protected series.**

6     A series limited liability company shall not be any of the  
7 following:

8     1. An acquiring, acquired, converting, converted,  
9 domesticating, or domesticated entity.

10    2. Except as otherwise provided in section 489.12604, a  
11 party to or the surviving company of a merger.

12    Sec. 30. NEW SECTION. **489.12604 Merger authorized —**  
13 **parties restricted.**

14    A series limited liability company may be party to a merger  
15 in accordance with sections 489.1001 through 489.1005, this  
16 section, and sections 489.12605 through 489.12608 only if all  
17 of the following apply:

18    1. Each other party to the merger is a limited liability  
19 company.

20    2. The surviving company is not created in the merger.

21    Sec. 31. NEW SECTION. **489.12605 Plan of merger.**

22    In a merger under section 489.12604, the plan of merger must  
23 do all of the following:

24    1. Comply with section 489.1002.

25    2. State in a record all of the following:

26    a. For any protected series of a nonsurviving company,  
27 whether after the merger the protected series will be a  
28 relocated protected series or be dissolved, wound up, and  
29 terminated.

30    b. For any protected series of the surviving company  
31 which exists before the merger, whether after the merger the  
32 protected series will be a continuing protected series or be  
33 dissolved, wound up, and terminated.

34    c. For each relocated protected series or continuing  
35 protected series all of the following:

1 (1) The name of any person that becomes an associated member  
2 or protected-series transferee of the protected series after  
3 the merger, any consideration to be paid by, on behalf of, or  
4 in respect of the person, the name of the payor, and the name  
5 of the payee.

6 (2) The name of any person whose rights or obligations  
7 in the person's capacity as an associated member or  
8 protected-series transferee will change after the merger.

9 (3) Any consideration to be paid to a person who before the  
10 merger was an associated member or protected-series transferee  
11 of the protected series and the name of the payor.

12 (4) If after the merger the protected series will be a  
13 relocated protected series, its new name.

14 d. For any protected series to be established by the  
15 surviving company as a result of the merger all of the  
16 following:

17 (1) The name of the protected series.

18 (2) Any protected-series transferable interest to be  
19 owned by the surviving company when the protected series is  
20 established.

21 (3) The name of and any protected-series transferable  
22 interest owned by any person that will be an associated  
23 member of the protected series when the protected series is  
24 established.

25 e. For any person that is an associated member of a  
26 relocated protected series and will remain a member after  
27 the merger, any amendment to the operating agreement of the  
28 surviving company which is all of the following:

29 (1) Is or is proposed to be in a record.

30 (2) Is necessary or appropriate to state the rights and  
31 obligations of the person as a member of the surviving company.

32 Sec. 32. NEW SECTION. 489.12606 Articles of merger.

33 In a merger under section 489.12604, the articles of merger  
34 must do all of the following:

35 1. Comply with section 489.1004.

1     2. Include as an attachment the following records, each to  
2 become effective when the merger becomes effective upon any of  
3 the following:

4     *a.* For a protected series of a merging company being  
5 terminated as a result of the merger, a statement of  
6 termination signed by the company.

7     *b.* For a protected series of a nonsurviving company which  
8 after the merger will be a relocated protected series all of  
9 the following:

10     (1) A statement of relocation signed by the nonsurviving  
11 company which contains the name of the company and the name of  
12 the protected series before and after the merger.

13     (2) A statement of protected series designation signed by  
14 the surviving company.

15     *c.* For a protected series being established by the  
16 surviving company as a result of the merger, a protected series  
17 designation signed by the company.

18     Sec. 33. NEW SECTION. **489.12607 Effect of merger.**

19     When a merger under section 489.12604 becomes effective, in  
20 addition to the effects stated in section 489.1005, all of the  
21 following apply:

22     1. As provided in the plan of merger, each protected series  
23 of each merging company which was established before the merger  
24 is any of the following:

25     *a.* Is a relocated protected series or continuing protected  
26 series.

27     *b.* Is dissolved, wound up, and terminated.

28     2. Any protected series to be established as a result of the  
29 merger is established.

30     3. Any relocated protected series or continuing protected  
31 series is the same person without interruption as it was before  
32 the merger.

33     4. All property of a relocated protected series or  
34 continuing protected series continues to be vested in the  
35 protected series without transfer, reversion, or impairment.

1     5. All debts, obligations, and other liabilities of a  
2 relocated protected series or continuing protected series  
3 continue as debts, obligations, and other liabilities of the  
4 protected series.

5     6. Except as otherwise provided by law or the plan of  
6 merger, all the rights, privileges, immunities, powers,  
7 and purposes of a relocated protected series or continuing  
8 protected series remain in the protected series.

9     7. The new name of a relocated protected series may be  
10 substituted for the former name of the protected series in any  
11 pending action or proceeding.

12    8. If provided in the plan of merger all of the following  
13 apply:

14     a. A person becomes an associated member or protected-series  
15 transferee of a relocated protected series or continuing  
16 protected series.

17     b. A person becomes an associated member of a protected  
18 series established by the surviving company as a result of the  
19 merger.

20     c. Any change in the rights or obligations of a person  
21 in the person's capacity as an associated member or  
22 protected-series transferee of a relocated protected series or  
23 continuing protected series take effect.

24     d. Any consideration to be paid to a person that before the  
25 merger was an associated member or protected-series transferee  
26 of a relocated protected series or continuing protected series  
27 is due.

28    9. Any person that is a member of a relocated protected  
29 series becomes a member of the surviving company, if not  
30 already a member.

31    Sec. 34. NEW SECTION.   **489.12608 Application of section**  
32 **489.12404 after merger.**

33    1. A creditor's right that existed under section 489.12404  
34 immediately before a merger under section 489.12604 may  
35 be enforced after the merger in accordance with all of the

1 following:

2     *a.* A creditor's right that existed immediately before the  
3 merger against the surviving company, a continuing protected  
4 series, or a relocated protected series continues without  
5 change after the merger.

6     *b.* A creditor's right that existed immediately before the  
7 merger against a nonsurviving company all of the following  
8 apply:

9         (1) May be asserted against an asset of the nonsurviving  
10 company which vested in the surviving company as a result of  
11 the merger.

12         (2) Does not otherwise change.

13     *c.* Subject to subsection 2, all of the following apply:

14         (1) In addition to the remedy stated in paragraph "a", a  
15 creditor with a right under section 489.12404 which existed  
16 immediately before the merger against a nonsurviving company or  
17 a relocated protected series may assert the right against any  
18 of the following:

19             (a) An asset of the surviving company, other than an asset  
20 of the nonsurviving company which vested in the surviving  
21 company as a result of the merger.

22             (b) An asset of a continuing protected series.

23             (c) An asset of a protected series established by the  
24 surviving company as a result of the merger.

25             (d) If the creditor's right was against an asset of the  
26 nonsurviving company, an asset of a relocated series.

27             (e) If the creditor's right was against an asset of a  
28 relocated protected series, an asset of another relocated  
29 protected series.

30         (2) In addition to the remedy stated in paragraph "b",  
31 a creditor with a right that existed immediately before the  
32 merger against the surviving company or a continuing protected  
33 series may assert the right against any of the following:

34             (a) An asset of a relocated protected series.

35             (b) An asset of a nonsurviving company which vested in the

1 surviving company as a result of the merger.

2 2. For the purposes of subsection 1, paragraph "c", and  
3 section 489.12404, subsection 2, paragraph "a", subparagraph  
4 (1); section 489.12404, subsection 2, paragraph "b",  
5 subparagraph (1); and section 489.12404, subsection 2,  
6 paragraph "c", subparagraph (1), the incurrence date is deemed  
7 to be the date on which the merger becomes effective.

8 3. A merger under section 489.12604 does not affect the  
9 manner in which section 489.12404 applies to a liability  
10 incurred after the merger.

11 SUBPART G

12 FOREIGN PROTECTED SERIES

13 Sec. 35. NEW SECTION. 489.12701 **Governing law.**

14 The law of the jurisdiction of formation of a foreign series  
15 limited liability company governs all of the following:

16 1. The internal affairs of a foreign protected series of the  
17 company, including all of the following:

18 a. Relations among any associated members of the foreign  
19 protected series.

20 b. Relations between the foreign protected series and any  
21 of the following:

22 (1) Any associated member.

23 (2) The protected-series manager.

24 (3) Any protected-series transferee.

25 c. Relations between any associated member and any of the  
26 following:

27 (1) The protected-series manager.

28 (2) Any protected-series transferee.

29 d. The rights and duties of a protected-series manager.

30 e. Governance decisions affecting the activities and affairs  
31 of the foreign protected series and the conduct of those  
32 activities and affairs.

33 f. Procedures and conditions for becoming an associated  
34 member or protected-series transferee.

35 2. Relations between the foreign protected series and all



1 of the following:

2     *a.* The company.

3     *b.* Another foreign protected series of the company.

4     *c.* A member of the company which is not an associated member  
5 of the foreign protected series.

6     *d.* A foreign protected-series manager that is not a  
7 protected-series manager of the protected series.

8     *e.* A foreign protected-series transferee that is not a  
9 foreign protected-series transferee of the protected series.

10    *f.* A transferee of a transferable interest of the company.

11    3. Except as otherwise provided in sections 489.12402 and  
12 489.12404, the liability of a person for a debt, obligation,  
13 or other liability of a foreign protected series of a foreign  
14 series limited liability company if the debt, obligation, or  
15 liability is asserted solely by reason of the person being or  
16 acting as any of the following:

17    *a.* An associated member, protected-series transferee, or  
18 protected-series manager of the foreign protected series.

19    *b.* A member of the company which is not an associated member  
20 of the foreign protected series.

21    *c.* A protected-series manager of another foreign protected  
22 series of the company.

23    *d.* A protected-series transferee of another foreign  
24 protected series of the company.

25    *e.* A manager of the company.

26    *f.* A transferee of a transferable interest of the company.

27    4. Except as otherwise provided in sections 489.12402 and  
28 489.12404 all of the following apply:

29    *a.* The liability of the foreign series limited liability  
30 company for a debt, obligation, or other liability of a foreign  
31 protected series of the company if the debt, obligation, or  
32 liability is asserted solely by reason of the foreign protected  
33 series being a foreign protected series of the company or the  
34 company as a consequence of any of the following:

35    (1) Being or acting as a foreign protected-series manager of

1 the foreign protected series.

2 (2) Having the foreign protected series manage the company.

3 (3) Owning a protected-series transferable interest of the  
4 foreign protected series.

5 b. The liability of a foreign protected series for a  
6 debt, obligation, or other liability of the company or  
7 another foreign protected series of the company if the debt,  
8 obligation, or liability is asserted solely by reason of  
9 the foreign protected series as a consequence of any of the  
10 following:

11 (1) Being a foreign protected series of the company or  
12 having the company or another foreign protected series of the  
13 company be or act as foreign protected-series manager of the  
14 foreign protected series.

15 (2) Managing the company or being or acting as a foreign  
16 protected-series manager of another foreign protected series  
17 of the company.

18 Sec. 36. NEW SECTION. 489.12702 No attribution of  
19 activities constituting doing business or for establishing  
20 jurisdiction.

21 In determining whether a foreign series limited liability  
22 company or foreign protected series of the company does  
23 business in this state or is subject to the personal  
24 jurisdiction of the courts of this state all of the following  
25 apply:

26 1. The activities and affairs of the company are not  
27 attributable to a foreign protected series of the company  
28 solely by reason of the foreign protected series being a  
29 foreign protected series of the company.

30 2. The activities and affairs of a foreign protected  
31 series are not attributable to the company or another foreign  
32 protected series of the company solely by reason of the foreign  
33 protected series being a foreign protected series of the  
34 company.

35 Sec. 37. NEW SECTION. 489.12703 Authorization of foreign

1 **protected series.**

2 1. Except as otherwise provided in this section and  
3 subject to sections 489.12402 and 489.12404, the law of this  
4 state governing the filing of a certificate of authority of  
5 a foreign limited liability company to do business in this  
6 state, including the consequences of not complying with that  
7 law, applies to a foreign protected series of a foreign series  
8 limited liability company as if the foreign protected series  
9 were a foreign limited liability company formed separately  
10 from the foreign series limited liability company and distinct  
11 from the foreign series limited liability company and any  
12 other foreign protected series of the foreign series limited  
13 liability company.

14 2. An application by a foreign protected series of a foreign  
15 series limited liability company for a certificate of authority  
16 to do business in this state must include all of the following:

17 a. The name and jurisdiction of formation of the foreign  
18 series limited liability company.

19 b. If the company has other foreign protected series,  
20 the name and street and mailing address of an individual who  
21 knows the name and street and mailing address of all of the  
22 following:

23 (1) Each other foreign protected series of the foreign  
24 series limited liability company.

25 (2) The foreign protected-series manager of and agent for  
26 service of process for each other foreign protected series of  
27 the foreign series limited liability company.

28 2A. If the jurisdiction under whose law the foreign  
29 protected series was organized does not provide for the  
30 protected series to obtain a certificate of existence,  
31 the foreign protected series shall attach a certificate of  
32 existence for the series limited liability company of which  
33 it is a protected series. In that case, a foreign protected  
34 series of the foreign series limited liability company will  
35 be deemed to be in existence and good standing as long as the

1 series limited liability company is in existence and good  
2 standing.

3 3. The name of a foreign protected series applying for a  
4 certificate of authority or authorized to do business in this  
5 state must comply with section 489.12202 and may do so using a  
6 fictitious name pursuant to section 489.108, if the fictitious  
7 name complies with section 489.12202.

8 4. A foreign protected series that has in effect a  
9 certificate of authority pursuant to this section shall file  
10 with the secretary of state an amendment to its application if  
11 there is any change in the information required by subsection  
12 2.

13 Sec. 38. NEW SECTION. 489.12704 Disclosure required when  
14 foreign series limited liability company or foreign protected  
15 series party to proceeding.

16 1. Not later than thirty days after becoming a party  
17 to a proceeding before a civil, administrative, or other  
18 adjudicative tribunal of or located in this state or a tribunal  
19 of the United States located in this state all of the following  
20 apply:

21 a. A foreign series limited liability company shall disclose  
22 to each other party the name and street and mailing address of  
23 all of the following:

24 (1) Each foreign protected series of the company.

25 (2) Each foreign protected-series manager of and a  
26 registered agent for service of process for each foreign  
27 protected series of the company.

28 b. A foreign protected series of a foreign series limited  
29 liability company shall disclose to each other party the name  
30 and street and mailing address of all of the following:

31 (1) The company and each manager of the company and an agent  
32 for service of process for the company.

33 (2) Any other foreign protected series of the company and  
34 each foreign protected-series manager of and an agent for  
35 service of process for the other foreign protected series.

1     2. If a foreign series limited liability company or foreign  
2 protected series challenges the personal jurisdiction of  
3 the tribunal, the requirement that the foreign company or  
4 foreign protected series make disclosure under subsection 1 is  
5 tolled until the tribunal determines whether it has personal  
6 jurisdiction.

7     3. If a foreign series limited liability company or foreign  
8 protected series does not comply with subsection 1, a party to  
9 the proceeding may do any of the following:

10     a. Request the tribunal to treat the noncompliance as a  
11 failure to comply with the tribunal's discovery rules.

12     b. Bring a separate proceeding in the court to enforce  
13 subsection 1.

14                                 SUBPART H

15                                 TRANSITIONAL PROVISIONS

16     Sec. 39. NEW SECTION.   **489.12803 Transitional provisions.**

17     1. Before January 1, 2021, this part governs only the  
18 following:

19     a. A series limited liability company formed, or a protected  
20 series established, on or after January 1, 2020.

21     b. A limited liability company that is a series limited  
22 liability company before January 1, 2020, and elects, in the  
23 manner provided in its operating agreement or by law for  
24 amending the operating agreement, to be subject to this part.

25     2. If a series limited liability company elects under  
26 subsection 1, paragraph "b", to be subject to this part:

27     a. The election applies to each protected series of the  
28 company, whenever established.

29     b. A manager of the company has the right to sign and  
30 deliver to the secretary of state for filing any record  
31 necessary to comply with this part, whether the record pertains  
32 to the company, a protected series of the company, or both.

33     3. On and after January 1, 2021, this part governs all  
34 series limited liability companies and protected series.

35     4. Until January 1, 2021, sections 489.12402 and 489.12404

1 do not apply to a foreign protected series that was established  
2 before January 1, 2020, or a foreign limited liability company  
3 that became a foreign series limited liability company before  
4 January 1, 2020.

5 5. This section is repealed on January 1, 2021.

6 Sec. 40. NEW SECTION. **489.12804 Savings clause.**

7 This part does not affect an action commenced, proceeding  
8 brought, or right accrued before January 1, 2020.

9 Sec. 41. EFFECTIVE DATE. This division of this Act takes  
10 effect January 1, 2020.

11 **DIVISION II**

12 **UNIFORM PROTECTED SERIES ACT — CONFORMING AMENDMENTS**

13 Sec. 42. Section 10.1, subsections 9 and 17, Code 2019, are  
14 amended to read as follows:

15 9. a. *"Farmers cooperative limited liability company"*  
16 means a limited liability company organized under [chapter 489](#),  
17 if cooperative associations hold one hundred percent of all  
18 membership interests in the limited liability company. Farmers  
19 cooperative associations must hold at least seventy percent  
20 of all membership interests in the limited liability company.  
21 If more than one type of membership interest is established,  
22 ~~including any series as provided in [section 489.1201](#) or~~  
23 ~~any class or group as provided in [section 489.1201](#),~~ farmers  
24 cooperative associations must hold at least seventy percent of  
25 all membership interests of each type.

26 b. As used in paragraph "a", a type of membership interest  
27 in a limited liability company includes any of the following:

28 (1) (a) A series as provided in chapter 489, article 12.

29 (b) This subparagraph is repealed on January 1, 2021.

30 (2) A protected series as provided in chapter 489, article  
31 12.

32 17. *"Networking farmers limited liability company"* means a  
33 limited liability company, other than a family farm limited  
34 liability company as defined in [section 9H.1](#), organized under  
35 chapter 489 if all of the following conditions are satisfied:

1     a. (1) Qualified farmers must hold at least fifty-one  
2 percent of all membership interests in the limited liability  
3 company. If more than one type of membership interest is  
4 established, ~~including any series as provided in section~~  
5 ~~489.1201 or any class or group as provided in [section 489.1201](#),~~  
6 qualified farmers must hold at least fifty-one percent of all  
7 membership interests of each type.

8     ~~b.~~ (2) Qualified persons must hold at least seventy percent  
9 of all membership interests in the limited liability company.  
10 If more than one type of membership interest is established,  
11 ~~including any series as provided in [section 489.1201](#) or any~~  
12 ~~class or group as provided in [section 489.1201](#),~~ qualified  
13 persons must hold at least seventy percent of all membership  
14 interests of each type.

15     b. As used in paragraph "a", a type of membership interest  
16 in a limited liability company includes any of the following:

17         (1) (a) A series as provided in chapter 489, article 12.

18         (b) This subparagraph is repealed on January 1, 2021.

19         (2) A protected series of a series limited liability company  
20 as provided in chapter 489, article 12.

21     Sec. 43. Section 10.10, subsection 1, paragraph c, Code  
22 2019, is amended to read as follows:

23     c. (1) Less than fifty percent of the interest in the  
24 farmers cooperative limited liability company is held by  
25 members which are parties to intra-company loan agreements.  
26 If more than one type of membership interest is established,  
27 ~~including any series as provided in [section 489.1201](#) or any~~  
28 ~~class or group as provided in [section 489.1201](#),~~ less than  
29 fifty percent of the interest in each type of membership shall  
30 be held by members which are parties to intra-company loan  
31 agreements.

32         (2) As used in subparagraph (1), a type of membership  
33 interest in a limited liability company includes any of the  
34 following:

35             (a) (i) A series as provided in chapter 489, article 12.

1     (ii) This subparagraph division is repealed on January 1,  
2 2021.

3     (b) A protected series of a series limited liability company  
4 as provided in chapter 489, article 12.

5     Sec. 44. Section 489.101, Code 2019, is amended to read as  
6 follows:

7     **489.101 Short title.**

8     1. This chapter may be cited as the "*Revised Uniform Limited*  
9 *Liability Company Act*".

10    2. In addition, article 12, part 1, of this chapter may be  
11 cited as provided in section 489.1201.

12    Sec. 45. Section 489.801, subsection 1, Code 2019, is  
13 amended to read as follows:

14    1. The Subject to sections 489.12402 and 489.12404, the  
15 law of the state or other jurisdiction under which a foreign  
16 limited liability company is formed governs all of the  
17 following:

18    a. The internal affairs of the company.

19    b. The liability of a member as member and a manager as  
20 manager for the debts, obligations, or other liabilities of the  
21 company.

22    Sec. 46. Section 489.1201, Code 2019, is amended by adding  
23 the following new subsection:

24    NEW SUBSECTION. 8. This section is repealed on January 1,  
25 2021.

26    Sec. 47. Section 489.1202, Code 2019, is amended by adding  
27 the following new subsection:

28    NEW SUBSECTION. 7. This section is repealed on January 1,  
29 2021.

30    Sec. 48. Section 489.1203, Code 2019, is amended by adding  
31 the following new subsection:

32    NEW SUBSECTION. 14. This section is repealed on January 1,  
33 2021.

34    Sec. 49. Section 489.1204, Code 2019, is amended to read as  
35 follows:



1     **489.1204 Dissociation from a series.**

2     1. Unless otherwise provided in the operating agreement,  
3 a member shall cease to be associated with a series and to  
4 have the power to exercise any rights or powers of a member  
5 with respect to such series upon the assignment of all of the  
6 member's transferable interest with respect to such series.  
7 Except as otherwise provided in an operating agreement,  
8 an event under **this chapter** or identified in an operating  
9 agreement that causes a member to cease to be associated with  
10 a series, by itself, shall not cause such member to cease to  
11 be associated with any other series or terminate the continued  
12 membership of a member in the limited liability company.

13     2. This section is repealed on January 1, 2021.

14     Sec. 50. Section 489.1205, Code 2019, is amended by adding  
15 the following new subsection:

16     NEW SUBSECTION. 4. This section is repealed on January 1,  
17 2021.

18     Sec. 51. Section 489.1206, Code 2019, is amended to read as  
19 follows:

20     **489.1206 Foreign series.**

21     1. A foreign limited liability company that is authorized  
22 to do business in this state under **article 8** which is governed  
23 by an operating agreement that establishes or provides for the  
24 establishment of designated series of transferable interests  
25 having separate rights, powers, or duties with respect to  
26 specified property or obligations of the foreign limited  
27 liability company, or profits and losses associated with the  
28 specified property or obligations, shall indicate that fact on  
29 the application for a certificate of authority as a foreign  
30 limited liability company. In addition, the foreign limited  
31 liability company shall state on the application whether the  
32 debts, liabilities, and obligations incurred, contracted for,  
33 or otherwise existing with respect to a particular series, if  
34 any, are enforceable against the assets of such series only,  
35 and not against the assets of the foreign limited liability

1 company generally.

2 2. This section is repealed on January 1, 2021.

3 Sec. 52. CODE EDITOR DIRECTIVE.

4 1. The Code editor is directed to make the following  
5 transfers:

6 a. Section 489.1201, as amended by this division of this  
7 Act, to section 489.12901.

8 b. Section 489.1202, as amended by this division of this  
9 Act, to section 489.12902.

10 c. Section 489.1203, as amended by this division of this  
11 Act, to section 489.12903.

12 d. Section 489.1204, as amended by this division of this  
13 Act, to section 489.12904.

14 e. Section 489.1205, as amended by this division of this  
15 Act, to section 489.12905.

16 f. Section 489.1206, as amended by this division of this  
17 Act, to section 489.12906.

18 2. The Code editor shall codify the sections described in  
19 subsection 1 as new part 2 of article 12 of chapter 489.

20 3. The Code editor shall correct internal references in the  
21 Code and in any enacted legislation as necessary due to the  
22 enactment of this section.

23 Sec. 53. EFFECTIVE DATE. This division of this Act takes  
24 effect January 1, 2020.

25 DIVISION III

26 MANAGEMENT OF LIMITED LIABILITY COMPANIES

27 Sec. 54. Section 489.407, subsection 2, paragraph f, Code  
28 2019, is amended by striking the paragraph.

29 DIVISION IV

30 DISSOLUTION

31 Sec. 55. Section 489.105, subsection 2, paragraph a, Code  
32 2019, is amended to read as follows:

33 a. Delivering to the secretary of state for filing a  
34 statement of change under [section 489.114](#), an amendment to the  
35 certificate under [section 489.202](#), a statement of correction

1 under section 489.206, a biennial report under section 489.209,  
2 a statement of withdrawal or a statement of rescission under  
3 section 489.701A, or a statement of termination under section  
4 489.702, subsection 2, paragraph "b", subparagraph (6).

5 Sec. 56. Section 489.117, subsection 1, Code 2019, is  
6 amended by adding the following new paragraphs:

7 NEW PARAGRAPH. 0a. Statement of rescission .... No fee

8 NEW PARAGRAPH. 00a. Statement of withdrawal ... No fee

9 Sec. 57. NEW SECTION. 489.701A Rescinding dissolution.

10 1. A limited liability company may rescind its dissolution,  
11 unless a statement of termination applicable to the company has  
12 become effective, a district court has entered an order under  
13 section 489.701, subsection 1, paragraph "d", dissolving the  
14 company, or the secretary of state has dissolved the company  
15 under section 489.705.

16 2. Rescinding dissolution under this section requires all  
17 of the following:

18 a. The affirmative vote or consent of each member.

19 b. If the limited liability company has delivered to the  
20 secretary of state for filing a statement of dissolution and  
21 any of the following applies:

22 (1) The statement has not become effective, delivery  
23 to the secretary of state for filing of a statement of  
24 withdrawal under section 489.205 applicable to the statement  
25 of dissolution.

26 (2) If the statement of dissolution has become effective,  
27 delivery to the secretary of state for filing of a statement of  
28 rescission stating the name of the company and that dissolution  
29 has been rescinded under this section.

30 3. If a limited liability company rescinds its dissolution  
31 all of the following apply:

32 a. The company resumes carrying on its activities and  
33 affairs as if the dissolution had never occurred.

34 b. Subject to paragraph "c", any liability incurred by the  
35 company after the dissolution and before the rescission has

1 become effective is determined as if dissolution had never  
2 occurred.

3     c. The rights of a third party arising out of conduct in  
4 reliance on the dissolution before the third party knew or had  
5 notice of the rescission may not be adversely affected.

6                                   EXPLANATION

7             The inclusion of this explanation does not constitute agreement with  
8             the explanation's substance by the members of the general assembly.

9     GENERAL — "REVISED UNIFORM LIMITED LIABILITY COMPANY  
10 ACT". This bill enacts new or amends existing sections in  
11 the "Revised Uniform Limited Liability Company Act" (RULLCA)  
12 as adopted by the national conference on commissioners of  
13 uniform state laws, more commonly referred to as the uniform  
14 law commissioners (ULC) (see Code chapter 5), enacted by the  
15 General Assembly by 2008 Iowa Acts, chapter 1162, and codified  
16 in Code chapter 489.

17     IOWA'S RULLCA. Code chapter 489 includes 13 articles  
18 governing limited liability companies (LLCs), including their  
19 formation; relations between members, managers, and other  
20 persons (e.g., creditors) dealing with an LLC; transferrable  
21 interests and rights; members' dissociations; the LLC's  
22 dissolution and windup; foreign LLCs; actions by members;  
23 mergers, conversions, and domestication; and professional LLCs.  
24 Article 12 provides for a special type of business organization  
25 referred to as a "series LLC". Article 13 includes a number  
26 of miscellaneous provisions, including providing for the  
27 uniformity of the Code chapter's application and construction,  
28 the relationship of Code chapter 489 to the federal Electronic  
29 Signatures in Global and National Commerce Act, and a savings  
30 clause (allowing actions commenced prior to the Act's effective  
31 date). The bill enacts the Uniform Protected Series Act (UPSA)  
32 and amends provisions allowing for the cancellation of an LLC's  
33 voluntary dissolution.

34     GENERAL — LLC DESCRIPTION. An LLC is a type of  
35 unincorporated business organization that combines features

1 associated with for-profit corporations (Code chapter 490) and  
2 partnerships (Code chapter 486A). When adequately capitalized  
3 and operating pursuant to its operating agreement, an LLC  
4 resembles a corporation operating under its articles of  
5 incorporation and bylaws, by shielding its members (equity  
6 holders) from the organization's liabilities (debts). It  
7 also resembles a partnership in that business income passes  
8 through the organization to its members who report their  
9 respective share of profits or losses on individual rather  
10 than the organization's (corporate) tax returns. An LLC  
11 is formed by filing a certificate of organization with the  
12 secretary of state (comparable to a corporation's articles  
13 of incorporation), while many of its powers and duties are  
14 governed by contract (referred to as an operating agreement  
15 and generally comparable to a partnership agreement). The  
16 operating agreement may control the LLC's governance (e.g.,  
17 whether it is member-managed or manager-managed) and the rights  
18 and duties of its members and managers. A member's interest  
19 refers to the member's proportionate equity position in the LLC  
20 and associated control of its business decisions (affairs and  
21 internal activities). A transferable interest refers to the  
22 right of a member or former member to receive distributions  
23 from the LLC in accordance with the LLC's operating agreement.  
24 Absent a provision in the operating agreement to the contrary,  
25 a transferable interest does not include a unilateral  
26 transfer of control rights. Dissociation occurs when a member  
27 withdraws from an LLC which may be on either a voluntary or an  
28 involuntary basis.

29     GENERAL — IOWA SERIES (ARTICLE 12). Under Code chapter 489,  
30 article 12, an LLC's operating agreement may provide for the  
31 establishment of a designated series. Under this arrangement,  
32 an LLC acts as an umbrella organization for any number of  
33 segregated transferable interests. The term commonly used to  
34 describe the umbrella organization is a series LLC. So long  
35 as certain conditions are satisfied, the liabilities (e.g.,

1 debts) and obligations (e.g., contractual promises) by one  
 2 series cannot be imputed to either the series LLC or another  
 3 series under its umbrella (Code section 489.1201). Likewise,  
 4 as far as income, any gain or loss of a series may be allocated  
 5 directly to the members of the series rather than to the series  
 6 LLC or another series. Because a series is a component of a  
 7 series LLC it cannot be completely independent. The article  
 8 includes special provisions for a series LLC, including for its  
 9 formation (Code section 489.1201), management (Code section  
 10 489.1202), distributions conducted as part of a dissolution  
 11 (Code section 489.1203), a member's dissociation (Code section  
 12 489.1204), its termination (Code section 489.1205), and a  
 13 foreign series LLC (Code section 489.1206).

14 DIVISION I — UNIFORM PROTECTED SERIES ACT — GENERAL.

15 Division I enacts the UPSA adopted by the ULC which in time  
 16 will entirely replace current article 12. The provisions of  
 17 the UPSA are codified and fit within the other provisions of  
 18 the RULLCA. The article as amended contains two parts: part 1  
 19 includes the sections of the UPSA taking the place of current  
 20 Iowa series LLC sections and part 2 includes the current Iowa  
 21 series sections temporarily transferred to another part of  
 22 article 12 until repealed on January 1, 2021.

23 PART 1, SUBPART A — GENERAL PROVISIONS. This subpart  
 24 includes definitions, a description of the nature of a  
 25 protected series; its power, purpose, and duration; how the  
 26 protected series is governed by the LLC's operating agreement;  
 27 and rules for applying certain provisions of an existing LLC to  
 28 a protected series. Specifically, it includes the article's  
 29 short title (new Code section 489.12101), describes terms used  
 30 in the article (new Code sections 489.12102 and 489.12103),  
 31 including defining "protected series" which replaces the term  
 32 "series" (new Code section 489.12102(18)). It defines "series  
 33 limited liability company" to mean a LLC that has at least one  
 34 protected series (or is structured to have a protected series)  
 35 under its umbrella (new Code section 489.12102(12)). The bill

1 defines a number of other terms such as "asset" which includes  
2 property in which a series LLC or protected series holds title  
3 and therefore may exercise certain rights including transfer  
4 (new Code section 489.12102(1)). An "associated asset" of a  
5 series LLC belongs only to (i.e., is "associated with") the  
6 series LLC and an "associated asset" of a protected series  
7 belongs only to (i.e., is "associated with") that protected  
8 series (new Code sections 489.12102(2) and 489.12301(1)).  
9 A "protected-series transferable interest" is a type of  
10 transferable interest in which an associated member has a  
11 right to receive a distribution (share of an asset) from a  
12 protected series under an operating agreement (Code section  
13 489.12101(10)). A "protected-series manager" (new Code section  
14 489.12102(9)) is a type of manager (Code section 489.102) who  
15 exercises all powers necessary to direct the activities and  
16 affairs of the protected series (Code section 489.12102(9)). A  
17 protected series may sue and be sued in its own name (new Code  
18 section 489.12104(1)) and has the same powers and purposes as  
19 the series LLC (new Code section 489.12104(2)). Generally, a  
20 protected series cannot survive the termination of its umbrella  
21 series (new Code section 489.12104(3)). A protected series  
22 cannot be a member of another series LLC or establish another  
23 protected series (new Code section 489.12104(4)). A protected  
24 series is subject to choice of law rules in cases where a  
25 dispute arises between parties from different states (new Code  
26 section 489.12105). A series LLC is governed by an operating  
27 agreement (new Code section 489.12106). In certain cases,  
28 the UPSA controls the series LLC and any protected series  
29 regardless of the terms of an operating agreement (new Code  
30 section 489.12107(1)). Various provisions govern how the UPSA  
31 and the RULLCA are to be interpreted in harmony.  
32 PART 1, SUBPART B — ESTABLISHING PROTECTED SERIES. This  
33 subpart provides for how a protected series is established.  
34 First, it requires a vote of the series LLC's membership (new  
35 Code section 489.12201(1)). A protected series designation

1 must be filed with the secretary of state (new Code section  
2 489.12201(2)). The name of a protected series must comply with  
3 the naming conventions applicable to an ordinary LLC but have  
4 a "protected series" or "PS" designation (new Code section  
5 489.12202). A series LLC (acting through its own registered  
6 agent) serves as the recipient for service for all its umbrella  
7 protected series (new Code section 489.12203(1)). A number  
8 of provisions govern how a protected series receives service  
9 of process (new Code sections 489.12203 and 489.12204). A  
10 protected series may obtain a certificate of existence from  
11 the secretary of state (new Code section 489.12205). An LLC  
12 is required to file a biennial report with the secretary of  
13 state under Code section 489.209. The report must include  
14 information regarding its series (new Code section 489.12206).

15 PART 1, SUBPART C — ASSETS, MEMBERS, MANAGEMENT, AND  
16 INFORMATION. Unless provided otherwise in an operating  
17 agreement, the owner of an asset is responsible for meeting  
18 the record-keeping requirements for that asset. An asset  
19 is only associated with a protected series or series LLC  
20 if there are adequate records describing the asset (new  
21 Code section 489.12301(2)). Only a member of a series LLC  
22 may be an associated member of a protected series holding  
23 a transferrable interest in the protected series (new Code  
24 section 489.12302(1)). A transferable interest in a protected  
25 series must initially be owned either by the series LLC or  
26 by an associated member of the protected series (new Code  
27 section 489.12303(1)). A protected series may have multiple  
28 managers (new Code section 489.12304(1)) in the same manner as  
29 an ordinary LLC under Code section 489.407. A manager of a  
30 protected series owes a fiduciary duty to the protected series  
31 rather than to the series LLC or any other protected series  
32 unless the manager also manages that protected series (new  
33 Code section 489.12304(4)). Any derivative claim under RULLCA  
34 (article 9) applies to such claim brought against a protected  
35 series (Code section 489.12304(6)). The bill does not include



1 a provision in the UPSA that states an associated member of a  
2 protected series has the same power to act as an agent and may  
3 bind the protected series in the same manner as a member of  
4 an ordinary LLC (presumably member-managed under Code section  
5 489.407). Various parties have a limited right to acquire  
6 information regarding a protected series, including a member  
7 of the series LLC, a former associated member of a protected  
8 series, the legal representative of an associated member of a  
9 protected series, and a protected-series manager of a protected  
10 series (new Code section 489.12305).

11 PART 1, SUBPART D — LIABILITY LIMITATIONS AND CLAIMS.

12 This subpart limits the liability of certain persons and the  
13 enforcement of claims, by creating two types of liability  
14 shields: vertical and horizontal. A vertical shield applies  
15 to members and managers from liability in the same manner as  
16 an ordinary LLC. A horizontal shield applies to a protected  
17 series of a series LLC and its associated assets from liability  
18 for the debts or obligations of the series LLC or another  
19 protected series. A person is not liable for the debts and  
20 obligations of a protected series or a series LLC solely  
21 because the person is an associated member, protected-series  
22 manager, or protected-series transferee of a protected series  
23 (new Code section 489.12401(1)). However, notwithstanding  
24 these shields, a claimant could bring an action against a  
25 protected series under certain circumstances if the same  
26 action could be brought against an ordinary LLC (new Code  
27 section 489.12402(1)). Remedies afforded a judgment creditor  
28 of an associated member, protected-series transferee, or  
29 series limited liability company holding a protected-series  
30 transferable interest are the same as afforded to a judgment  
31 creditor in the case of an ordinary LLC under Code section  
32 489.503 (new Code section 489.12403). Creditors are provided  
33 different rights to assets if they are asserting a claim to  
34 pierce the organization's veil under principles of equity (new  
35 Code section 489.12402) or are asserting a claim to reach

1 "nonassociated assets" meaning that the series LLC or protected  
2 series has not acquired title (new Code section 489.12404).

3 PART 1, SUBPART E — DISSOLUTION AND WINDING UP AFFAIRS.

4 If a series LLC dissolves then each protected series under  
5 its umbrella dissolves simultaneously (new Code section  
6 489.12501(1)). The dissolution of a protected series occurs  
7 due to a provision in its operating agreement, the unanimous  
8 action of its members, or pursuant to court order (new Code  
9 section 489.12501(2)-(5)). Once the protected series is to be  
10 dissolved, its activities and affairs are to be wound up in the  
11 same manner as an ordinary LLC (new Code section 489.12502(1))  
12 referring to Code sections 489.702 through 489.704. In the  
13 case of the dissolution of a series LLC, it cannot wind up  
14 until each of its protected series has wound up (new Code  
15 section 489.12502(4)). If a series LLC is administratively  
16 dissolved by the secretary of state, and later reinstated,  
17 its protected series ceases winding up (new Code section  
18 489.12503).

19 PART 1, SUBPART F — CHANGING TRANSACTIONS. This subpart  
20 restricts mergers and other changing transactions involving  
21 LLCs and protected series. A number of new definitions apply.  
22 A "continuing protected series" refers to a protected series  
23 that continues as part of the surviving series LLC (new Code  
24 section 489.12601(3)). A "relocated protected series" refers  
25 to a protected series which was part of a nonsurviving series  
26 LLC and becomes part of the surviving series LLC (new Code  
27 section 489.12601(6)). A protected series is prohibited from  
28 being a direct party to an acquisition, conversion, or merger  
29 (new Code section 489.12602(1)). It also cannot be a direct  
30 party to a domestication (a business organization formed in  
31 multiple states) (new Code section 489.12602(2)). One type of  
32 allowed merger involves two existing LLCs, even if one LLC is  
33 not a series LLC (new Code sections 489.12603 and 489.12604).  
34 A plan of merger must comply with the same requirements  
35 applicable to an ordinary LLC under Code sections 489.1001

1 through 489.1005 as well as a number of other requirements  
2 stated in a plan of merger (new Code section 489.12605) and  
3 articles of merger (new Code section 489.12606). A plan of  
4 merger sets forth the management and affairs or affairs of the  
5 protected series, including its termination, establishment, or  
6 relocation, assets and liabilities, powers and rights, and name  
7 (new Code section 489.12607). Generally, a creditor that has a  
8 right against an LLC or protected series that was terminated  
9 because of a merger may retain rights against the surviving  
10 series LLC or protected series (new Code section 489.12608(1)).  
11 In other cases, a creditor's rights are not affected so long as  
12 the liability was incurred after the merger (new Code section  
13 489.12608(3)).

14 PART 1, SUBPART G — FOREIGN PROTECTED SERIES. The law where  
15 a foreign (out-of-state) series LLC is created (referred to as  
16 the "law of the jurisdiction of formation") generally governs  
17 its protected series, including its formation and governance,  
18 as well as the rights and duties of its associated members,  
19 protected series managers, or protected-series transferees  
20 (new Code section 489.12701(1)). A foreign protected series  
21 doing business in another state cannot assert that its law  
22 governs another foreign protected series not doing business  
23 in that state (new Code section 489.12702). Generally, a  
24 foreign protected series is to be treated like a foreign LLC  
25 for purposes of registering to do in-state business (new Code  
26 section 489.12703). In the case of litigation, within 30 days  
27 after becoming a party, a foreign series LLC or a foreign  
28 protected series must disclose to any adverse party identifying  
29 information regarding the foreign series LLC and each of its  
30 foreign series (new Code section 489.12704(1)).

31 PART 1, SUBPART H — TRANSITIONAL PROVISIONS. This subpart  
32 does not include two sections of the UPSA that are already  
33 included in Code chapter 489, article 13, including section  
34 801 that addresses uniformity of application (Code section  
35 489.1301) and section 802 that addresses the federal Electronic

1 Signatures in Global and National Commerce Act (Code section  
2 489.1302). It also does not include a severability clause  
3 (that would provide for the retention of other provisions  
4 in the part if one provision were held invalid) since that  
5 provision already applies throughout the Code (Code section  
6 4.12).

7 The provisions of UPSA, codified as new sections in article  
8 12, part 1, take effect on January 1, 2020, and applies only  
9 to a series LLC formed or a protected series established on or  
10 after that date. One exception applies if a series LLC formed  
11 prior to that date elects to be governed under the new part  
12 (new Code section 489.12803(1)). Otherwise on or after January  
13 1, 2021, all series LLCs and each protected series are governed  
14 under the new part (new Code section 489.12803(1)). However,  
15 until January 1, 2021, certain claims authorized under new  
16 Code sections 489.12402 and 489.12404 cannot proceed against a  
17 foreign series LLC formed prior to January 1, 2020, or foreign  
18 LLC series that became a foreign series before that date (new  
19 Code section 489.12803(4)).

20 DIVISION II — UNIFORM PROTECTED SERIES ACT — CONFORMING  
21 AMENDMENTS. The bill amends the sections currently codified  
22 in article 12 (Iowa series) to provide for their repeal on  
23 January 1, 2021, the date when all series LLC and umbrella  
24 series must comply with the new Code sections codified in  
25 part 1 (UPSA). It also provides for the transfer of current  
26 sections to new part 2. It amends other provisions in the  
27 Code to conform with part 1, including sections that restrict  
28 agricultural landholding by LLCs (Code chapter 10). It also  
29 amends provisions relating to the law governing foreign LLCs by  
30 referencing foreign series LLCs (Code section 489.801). The  
31 division takes effect January 1, 2020.

32 DIVISION III — DISASSOCIATION — MANAGEMENT. The bill  
33 eliminates a provision which provides for member-managed  
34 limited liability companies, by removing a reference to  
35 approving a merger, conversion, or domestication (Code section

1 489.407(2)(f)). There are two different methods of managing  
2 a LLC. By statutory default (Code section 489.407(1)), a  
3 LLC is member-managed, meaning that all members participate  
4 in decisions managing the activities and affairs to the  
5 organization (a partnership model). Alternatively, a  
6 manager-managed LLC, formed and governed under an operating  
7 agreement, provides that certain members or nonmembers are  
8 designated to take such actions while the remaining members act  
9 as passive investors (corporate model).

10 DIVISION IV — DISSOLUTION. The bill provides that an LLC  
11 may rescind a voluntary dissolution (new Code section 489.701A)  
12 and consequently the winding up of its affairs and activities  
13 (Code section 489.702). A dissolution is a fundamental  
14 change transaction that triggers the LLC's termination. It is  
15 accomplished by a provision in the operating agreement, the  
16 unanimous consent of its members, by district court order in  
17 an action for dissolution, or by an administrative declaration  
18 issued by the secretary of state (e.g., for nonpayment of  
19 a fee). The bill provides that in cases of a voluntary  
20 dissolution in which a statement of dissolution is filed, an  
21 LLC may rescind such a statement by filing with the secretary  
22 of state a statement of rescission. Generally, once an LLC  
23 rescinds its dissolution, the LLC carries on its affairs as if  
24 the dissolution had never occurred. One exception applies to  
25 protect a person (creditor) who would be adversely affected by  
26 the retroactive effect of the statement of rescission.